

Tushar Morzaria
Chair of the Working Group on Sterling Risk-Free Reference Rates

January 29, 2021

Dear Mr Morzaria,

We acknowledge receipt of your letter dated 6 January 2021 (the "Letter") on behalf of the market-led Working Group on Sterling Risk-Free Reference Rates ("Working Group"). Please find below our responses to the Letter's questions, reproduced below:

1. Can you confirm that the Fixed Fallback Spread Adjustment will be available for use in contractual fallbacks and/or active conversion in the sterling cash markets where one or more parties subscribe to Bloomberg and, if so, where can the terms of use and/or licensing arrangements for cash market participants intending to use it be found?

Bloomberg Response:

Yes. The Fixed Fallback Spread Adjustment and/or 'all-in' Fallback Rate will be available for use in contractual fallbacks and/or active conversion in the sterling cash markets.

The terms of use ("Usage Terms") that apply for use as a reference within financial products (whether within ISDA documentation or in cash securities, floating rate notes, etc.) may be found at www.bloomberg.com/libor

As the Usage Terms make clear, fees only apply for institutions meeting certain criteria, such as, for users of any or all tenors of a single rate set, such as Fixed Fallback Spread Adjustment(s) and/or 'all-in' Fallback Rate(s) for GBP LIBOR, \$5 billion or more in financial assets.

For clarity, we note that the Usage Terms state that 'prior to the fixing of the Spread Adjustment with respect to a Fallback Rate(s) ... use of such Fallback Rate(s) shall be limited to a secondary, fallback reference rate only, and not as a primary reference, within any Financial Product.'

Because your question concerns the Fixed Fallback Spread Adjustment, such use as a primary reference, as would be needed for active conversion, is, in fact, permitted under our Usage Terms.

2. If the Fixed Fallback Spread Adjustment is available for use in sterling cash markets, it would be helpful to understand the arrangements in these particular use cases:

a. For cash market participants who subscribe to Bloomberg, how are these users expected to access the Fixed Fallback Spread Adjustment?

Bloomberg Response:

As noted in our FAQ (section 10 - 'Access to Fallback Adjustment Data') the data is available from Bloomberg via the Bloomberg Terminal, our Enterprise Data services, and via the website (on a delayed basis) here: www.bloomberg.com/libor

b. For cash market participants who are not Bloomberg subscribers, how should these users access the Fixed Fallback Spread Adjustment? Is there a difference in the access

arrangements between different types of users in the cash markets – for example borrowers and lenders in respect of loans, and issuers and investors in respect of bonds?

Bloomberg Response:

Cash market participants who are not Bloomberg Terminal or Enterprise Data subscribers may obtain the data from other authorised re-distributors (vendors) or via the website (on a delayed basis) here: www.bloomberg.com/libor. Usage Terms do not distinguish between derivative and/or cash market use cases. For the avoidance of doubt, the Usage Terms apply irrespective of where the data is obtained.

Please note that the Usage Licence fees are payable by the creators, issuers and providers of FRNs, loans and other securities or facilities. Simply investing in an FRN through the purchase of such instrument, or obtaining a loan from a bank, for example does not require the payment of the Usage Licence fee.

c. Cash market vendors are also looking to access the Fixed Fallback Spread Adjustment (for example, for the purposes of calculators and loan systems). Please could you confirm if and how these cash market vendors can access and use the Fixed Fallback Spread Adjustment, and under what terms?

Bloomberg Response:


Bloomberg has licences available for market infrastructure providers such as CCPs, exchanges, benchmark administrators and enterprise risk/analytics providers.

For a single rate set the per annum fee is \$50,000. For two or more rate sets, the fee is \$100,000. Separately, a re-distribution licence is available for vendors who wish to systematically re-distribute the fallback data. The annual fee is \$50,000 for real-time data redistribution and \$10,000 for those re-distributing after a 24hr delay.

For more information regarding our licences, please contact indexsales@bloomberg.net.

Should you have any further questions, please do not hesitate to contact me.

Kind regards,


Umesh Gajria

Global Head of Index Linked Products
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